

3 1761 11630752 1

GOV
DOC.

1974
1976
B120+

Government
Publications

Federal public expenditures
Pt. II : control

on file



Digitized by the Internet Archive
in 2023 with funding from
University of Toronto

<https://archive.org/details/31761116307521>

CAI
YL16
- 1985
B120

Government
Publications

BP-120E

FEDERAL PUBLIC EXPENDITURES

PART III: CONTROL

Gilles Gauthier

Economics Division
Research Branch
Ottawa

28 February 1985



LIBRARY OF PARLIAMENT

CA1
YL16
-1985
B120

FEDERAL PUBLIC EXPENDITURES

PART II: CONTROL

Gilles Gauthier

Economics Division
Research Branch
Library of Parliament
Ottawa

28 February 1985

BACKGROUND PAPER FOR PARLIAMENTARIANS

© Minister of Supply and Services Canada 1987
Cat. No. YM32-2/120E
ISBN 0-660-12411-4

TABLE OF CONTENTS

	Page
INTRODUCTION	1
A. <u>Reinforcing Administrative Control Measures</u>	2
1. Better Planning	2
2. Management Control	5
3. Controlling Loans and Loan Guarantees	8
4. Across-the-board Cuts in General Expenses	10
5. Staffing Freeze	11
6. Eliminating Programs	13
B. <u>Improving Productivity</u>	16
C. <u>Tightening Parliamentary Control</u>	24
1. Consideration of Estimates	25
2. Sunset Clause-Based Study of Legislation with Financial Impact	31
3. Public Accounts Committee and the Auditor General of Canada	34
D. <u>Initiating Privatization Projects</u>	36
1. Privatizing Government Corporations	36
2. User Charges	41
CONCLUSION	44



LIBRARY OF PARLIAMENT
BIBLIOTHÈQUE DU PARLEMENT

FEDERAL PUBLIC EXPENDITURES
PART II: CONTROL

INTRODUCTION

The almost uninterrupted growth of government spending and activities over the last few decades is causing knowledgeable observers increasing worry. While some call for measures to contain spending, others demand setting up mechanisms to ensure the best possible use of public funds. Almost everyone, though, would like to see legislators show a greater desire to exercise better control over government action.

Among the questions raised by growing expenditures and an increasingly complex government apparatus are a few that deserve careful consideration because they make it possible to identify control mechanisms best suited to current economic, financial and budgetary circumstances. The first question raises the point that government spending and activities are too inflexible. Thence the belief that administrative control mechanisms need to be established to oblige managers to show increased financial rigour in planning and implementing the government's spending programs. A second concern revolves around the sensitive problem of today's government administration, i.e. how to meet ever-increasing demands with far fewer financial resources. Taxpayers generally appear to believe that the government could do more with its financial resources -- in other words, that it could improve its productivity. The search for ways to improve productivity is therefore a key component in any strategy to improve financial controls. A third concern arises specifically from the complexity

of the government apparatus: how can one be sure that government activities represent what the taxpayers want? In this area, parliamentarians could play a more important role. It is one of their duties to make the needs of their constituents known and to verify whether government decisions meet these needs. Improving parliamentary control over expenditures has been mentioned many times as a way of achieving greater restraint over government action. Finally, the increasing responsibilities taken on by government have been partly made possible by the use of many intervention methods. As with all such methods, the conditions prevailing when their use began may have changed so much that they may now be called into question. For some activities, the pursuit of public objectives could be compatible with more private sector involvement. With better coordination, government interventions could be better controlled.

The above topics are the basis for this document. It discusses various expenditure control measures in order to weigh their advantages and disadvantages. Most of these measures have already been applied within the federal public service or could readily be applied. Although a few of the examples of control measures given are based on actual situations, this study makes no attempt to assess the potential benefits that would result from applying them. It aims instead at informing parliamentarians about the possibilities and limitations of using a number of measures intended to strengthen control over government spending and activities.

This study is a companion to an already published background paper entitled "Federal Public Expenditures Part I: Growth" (BP-119E).

A. Reinforcing Administrative Control Measures

1. Better Planning

The Royal Commission of Inquiry on Financial Management and Accountability strongly criticized the financial management and planning system used in the seventies. The Commission concluded that cumbersome administration combined with decentralization of decision-making centres

prevented Cabinet and Parliament itself from fully exercising their expenditures control prerogatives. What was needed, therefore, was to restore to these higher authorities the mechanisms required to ensure the precedence of political authority over the government's overall financial policies. The idea of a multi-year planning system integrating priority policy decisions and overall resource allocation by budgetary envelope became a reality when a new policy and expenditures management system was introduced.

Underlying the new system was the desire to limit the growth of government spending to the rate of GNP expansion. The merits and shortcomings of multi-year fiscal planning therefore must be evaluated in terms of this cost-control objective. One of the benefits is that using economic forecast data as a reference point for establishing the government's expenditures plan recognizes the interdependence of the public and private sectors, an interdependence whose primary role is to preserve economic stability. Multi-year planning also makes it possible to identify the government's views on resource allocation and the role it is to play in the country's economy. Thus a draft plan of expenditures forces government decision-makers to consider the future impact of their current decisions. Taking future considerations into effect should make it possible to prevent an unhealthy financial situation from persisting and compromising the macroeconomic equilibrium.

Unfortunately, economic forecasts are rarely accurate. As revenues and expenditures fluctuate with economic conditions, the role of multi-year planning should be to minimize the untoward effects of these forecasting discrepancies on the government's financial decisions. The reverse is what appears to occur, however. The multi-year expenditures plan adds another level of inflexibility to the management system because it is interpreted by the various departments and agencies as a right to spend everything projected. The experience of the past four years shows that major adjustments, upward for expenditures and downward for revenues, have led to financial results very different from the initial forecasts. Far from allowing a degree of flexibility in budgetary decision-making combined with a mechanism of control over growing expenditures, the Fiscal Plan

appears to have performed no preventive function whatsoever. It is highly likely that the financial results would have been the same even if the detailed multi-year planning system had not been introduced.

In fact, the usefulness of a planning system depends primarily on how it is used. Under the existing system, the Minister of Finance tables his Fiscal Plan at the same time as the estimates. Analysis of the plan in Parliament and in the general press is therefore buried because of their tendency to focus on short-term concerns. Although the eventual results may have differed from forecasts, it is worth noting that the February 1981 Fiscal Plan already anticipated a major increase in the public debt. Similarly, a study of the latest financial plan (February 1984) leads some observers to think that the federal government has embarked upon a phase of fiscal irresponsibility. Defining this irresponsibility as the result of an increase in the ratio of the public debt to GNP adjusted for cyclical variations based on historical data, these observers have concluded that the level of fiscal irresponsibility will accelerate in the final two years of the Fiscal Plan (1987 and 1988) because of the accumulation of significant budget deficits over a number of successive years.(1)

These two examples demonstrate the need to broaden debate on the use of fiscal planning as a mechanism for controlling expenditures. First of all, the cogency of assumptions would have to be evaluated, as well as whether or not the projections included in the Fiscal Plan are realistic. This evaluation would make it possible to identify more clearly the government's fiscal room to manoeuvre. Then the validity of the Fiscal Plan would have to be debated in terms of its capacity to mitigate eventualities, because planning also means anticipating the consequences of substantial deviations from the initial data. This sort of study would indicate how responsible is the government's use of public funds.

Another much more radical approach to strengthening the government's fiscal planning system would involve introducing a constitutional amendment requiring that the budget be balanced. The

(1) Neil Bruce and Douglas Purvis. Evaluating the Deficit, the Case for Budget Cuts, C.D. Howe Institute, July 1984, 36 pp.

proposal is based on a very harsh value judgment of politicians and bureaucrats. The proponents of the proposal argue that no budget planning system allows sufficient control over rising expenditures. The electoral timetable, new needs arising from special situations and bureaucratic resistance to change are all reasons to believe that any fiscal plans that are not required to be balanced will be ineffective. The proposed system would work more or less as follows: forecast expenditures should be equal to anticipated revenues; actual expenditures would not be allowed to exceed the forecasts, but revenues could be modified by changing economic conditions. In a period of recession, expenditures could exceed revenue, but the reverse would take place in a strong growth period. Finally, exceptions could be made under special circumstances recognized by all parties. It is certain that a balanced budget would guarantee effective control over expenditures; but it might also lead to the weakening of public authorities.

2. Management Control

The creation of the Office of the Comptroller General in 1978 was one of the major initiatives towards improving fiscal management within the government apparatus. The Office has since its inception introduced two general programs which departments and agencies have been called upon to implement. Its Improvement in Management Practices and Controls (IMPC) program is intended to standardize in all departments management practices relating to the statement of objectives, the planning of activities, calculating financial and human resource needs, administrative control methods and the preparation of operational plans. By March 1984, 32 departments and agencies had participated in the Improvement in Management Practices and Controls program. Thus more than 85% of all budget expenditures (excluding the public debt) are now administered according to IMPAC standards. To date, expenditures under the IMPAC program have totalled \$216 million whereas benefits have totalled \$161 million and could reach \$250 million by the end of the program. In addition, the Office of the Comptroller General is also responsible for the application of a program evaluation function within the administrative structure of

departments. It has been suggested that each program undergo a periodic review. The purpose is not to review all major programs, but rather all groups of activities undertaken with a view to achieving a specific objective. As of 31 March 1984, 47 programs totalling \$15 billion had been evaluated according to the standards of the Office of the Comptroller General. These evaluations cost nearly \$85 million, but it is believed that they have resulted in substantial improvements in productivity and efficiency.

More recently, the Treasury Board, together with the Office of the Comptroller General, introduced a program for internal restructuring of departments and agencies. The purpose of the Operational Plan Framework is to clarify the objectives and responsibility links within each organization. It is implemented in the following stages: firstly, the definition of each department's and each agency's mandate must be able to justify each program within the department or agency; secondly, a specific objective must be stated for each program; thirdly, each planning element, i.e. the components of the program that can contribute to achieving the stated objectives, must be listed; fourthly, performance evaluation criteria must be defined in terms of each planning element; fifthly, these criteria must permit evaluation of results in terms of objectives achieved (effectiveness criterion) and resources committed (efficiency criterion). The approval of department and agency expenditure and activity plans by Treasury Board will henceforth be based on the overall logic of the Operational Plan Framework. The intention is improved control over the costs of operating the government apparatus by means of clarifying responsibilities and eliminating duplication.

However, administrative reorganizations rarely result in significant budget reductions. Responsibilities are often transferred but rarely done away with. Positions are often reclassified but rarely eliminated. A simple explanation of why this is so is that administrative reorganizations must always deal with the interests of the various managers involved. Whatever the goal of restructuring, managers affected always have a strong resistance to any changes that will diminish their power and

prestige. Leaving certain elements, felt to be important, intact is often the best way of having major administrative reorganizations accepted.

Even though savings may be minimal, reorganizations may be very useful for better control over the future activities of the organization. The key criterion for evaluating such reorganizations is how the reorganization contributes to the visibility of the functions and duties accomplished by each branch in the organization. One of the clearest lessons provided by the American bestseller "In Search of Excellence: Lessons from America's Best-Run Companies" was precisely that the most effective organizations were generally those with the simplest organizational structure and those that developed the greatest degree of confidence among the various reporting levels. Notwithstanding the differences between private and public organizations, these two principles remain perfectly valid for government organizations, in which internal coherence largely depends on the clarity of the lines of responsibility and the way in which everyone's responsibility is respected.

A glance at the recent history of the machinery of government shows that it has deviated markedly from these two principles. The various administrative bodies responsible for monitoring and controlling operational departments and central agencies have become very important.⁽¹⁾ In addition, there has been a proliferation of new programs and activities added to traditional departmental responsibilities without any investigation into possible overlapping and duplication. A good example of this is the Unemployment Insurance program, which over the past 10 years has had all sorts of programs and initiatives related to the labour market grafted onto it. Today, nearly all federal government action relating to employment is interconnected with the Unemployment Insurance program.

Thus the federal government, through the work of the Office of the Auditor General and the Office of the Comptroller General, has directed a great deal of effort and resources towards improving administrative practices. But the benefits of these initiatives have probably been offset by the increasing complexity of the government

(1) See Figure 1 on page 18.

apparatus in general and of operational departments in particular. Over the coming years, then, it is to be hoped that measures to clarify responsibilities and prevent program duplication will be emphasized.

3. Controlling Loans and Loan Guarantees

The rapid growth in the number of Crown Corporations on the one hand, and in the number of rescue operations for private firms on the other, have given rise to frequent use of loans and loan guarantees as a means of government intervention. Beyond the positive and negative effects of this type of intervention on the behaviour of financial markets and on general resource allocation,(1) loans and loan guarantees are having an increasingly significant influence on the government's financial position. There are several good reasons to believe that this influence is particularly harmful to healthy financial management.

Loans are not accounted for in budget expenditures or, as a consequence, in calculating the deficit. They nevertheless affect the volume of government borrowing because the net balance of the loan and repayment accounts is added to the deficit in establishing the government's financial requirements. This balance has never been on the plus side in the past 12 years, and it has therefore contributed to increased government borrowing. As long as borrowers repay the government for loans and advances made, the financial balance is unaffected. If some borrowers default, then either extensions or new loans are granted, or the loans are converted into subsidies and incorporated in the budget expenditures and deficit calculation. In either case, the government's financial position worsens.

At the moment, control over loans is the responsibility of the Cabinet policy committees, which are required to include loan amounts in the totals for the expenditure envelopes. Increased loan amounts must be offset by correspondingly lower spending figures. Obviously departments are not keen to cut expenditure programs to free the funds needed for loans. They can avoid this constraint by fobbing off the loan applications to Crown corporations like the Export Development Corporation or the Federal

(1) In this connection see Economic Council of Canada, Intervention and Efficiency, Hull, Supply and Services Canada, 1983.

Business Development Bank, whose financial statements are separate from those of the government. If, however, these corporations find themselves with an operating deficit because of the dubious nature of the loans, the government bears full responsibility for the consequences.⁽¹⁾ Moreover applications for financial assistance are sometimes dictated by the urgency of situations, such as an imminent bankruptcy or a deficit in working capital. Urgent situations thus allow the government to bypass the normal rigid framework of the fiscal planning system.

The matter of loan guarantees is even less clear. Government responsibility in issuing loan guarantees is similar to the responsibility of a person who endorses a loan. As long as the borrower meets all his obligations, there are no costs involved for the endorser. If, on the other hand, the obligations are not met, the endorser -- in this instance the government -- becomes responsible for repayment of the loan and any interest charges owing. The government therefore does not know when and how much it will have to pay out; the most one gets is a maximum amount entered in the government's books when the loan guarantee is issued.

In the short run, loan guarantees are highly beneficial for the government's finances. They are not entered in the government's expenditure accounts or in its liabilities. In the medium and long run, however, government finances can be altered significantly by a sudden rise in the number of defaulted payments. That is why loan guarantees are nicknamed "time bombs".⁽²⁾ The possibility that the government could be called upon to rescue borrowers in trouble increases in proportion to the number of loan guarantees issued and to the level of risk involved. Recent experience provides a number of examples: guarantees to Canadair, Maislin, Lake Group Inc., White Farm Equipment Canada Ltd., etc., all left the government with substantial net losses.⁽³⁾ The tightening up of

(1) The FBDB alone obtained over \$310 million in financial assistance over the past five years.

(2) The expression comes from Caliss Baldwin et. al. "Budgetary Time Bombs: Controlling Government Loan Guarantees", Policy Analysis, vol. 4, No. 3, September 1983, pp. 338-346.

(3) In this connection see Peter Berg. Corporate Bailouts, Current Issue Review 83-13E, Library of Parliament, October 1984.

control mechanisms for loans and loan guarantees is therefore imperative for healthy government financial management. Two mechanisms deserve consideration. The first would be to establish an insurance plan in which the government would set aside each year a reserve fund to cover any defaulted payments. The size of the reserve could be calculated in the same manner as insurance premiums, i.e. based on the loan amount and the level of risk involved. The second would be to evaluate the equivalent subsidy in terms of the amount of the loan or loan guarantee issued by the government. This estimated amount could be included each year in the Fiscal Plan and thus subject to the same directives as other financial activities. Each method has the advantage of treating loans and loan guarantees as methods for government intervention on the same basis as budget expenditures. This would make it much easier to control growth because a budget cost would immediately be associated with each loan and each guarantee. They should also be subject to the rigour of the Fiscal Plan and fully taken into account in establishing expenditure ceilings by envelope.

4. Across-the-board Cuts in General Expenses

Across-the-board cuts are probably the easiest to enact. All managers are treated equally and it is not necessary to enter into complex and time-consuming discussions and negotiations to find a compromise acceptable to all parties concerned. Although Cabinet members and members of the party in power may all say that in principle they favour such cuts, they never really want them in their own jurisdictions. For many years now the Treasury Board's annual examination of departmental expenditure proposals has tended to place strict limitations on increases in general expenses, usually never exceeding the anticipated rate of inflation. On some occasions, for example in the budget of November 1981, an across-the-board cut in general expenses was made for the whole of the Public Service.

Despite these limited benefits, across-the-board cuts are not highly recommended for healthy management. First of all they tend to lead managers to build up reserves to make it easier to absorb such cuts. Secondly they have a more serious effect on programs that are administered economically. Thirdly, across-the-board cuts can cause the government's

signals on its priorities to become unclear. Fourthly, they generally give rise to reduced functional services such as information and research rather than reduced operational services, and it is the former that are more likely to be useful in identifying new ways to improve productivity.

In short, across-the-board cuts are appropriate only when there are good reasons to believe that the government apparatus as a whole is suffering from budgetary permissiveness. Since it was announced in 1975 that the rate of growth in spending would be tied to the GNP trend line, managers have gradually been required to manage their resources with a greater concern for savings and efficiency. Far from eliminating superfluous services, continued across-the-board cuts could become a genuine hindrance to productive management. Some analysts argue that ways must instead be found to reward managers who manage well and penalize the others.(1) In other words, a much more discretionary budget policy is needed.

5. Staffing Freeze

Since wage and salary expenditures account for the greatest share of operating expenses, one of the first budget trimming methods is to clamp a freeze on staffing and hiring. The advantages of a staffing freeze as an expenditure control mechanism are similar to those noted above for across-the-board cuts. It is easy for the government to implement because it applies equally to all parts of the government apparatus. Moreover the short-term consequences for the organization are almost negligible because workloads are not usually changed drastically at short notice. Canadians generally view a staffing freeze very favourably; in the short run it rarely has an adverse effect on the quality and quantity of services offered, while it gives the impression that the government is taking a firm stand with bureaucrats, who are considered a privileged enclave of society by large numbers of people.

By freezing employment, the government also avoids the potential problem of redundant staff later on. A staffing freeze is

(1) Charles H. Levine, "More on Cutback Management: Hard Questions for Hard Times", in Charles H. Levine (ed.), Managing Fiscal Stress, New Jersey, Chatham House Publishers, 1980, p. 309.

generally accompanied by additional control measures or even by expenditure cutbacks. Allowing the staffing process to continue unhindered could be antithetic to the goals of other control measures which may have been implemented. It is also very difficult for public administrations to eliminate significant numbers of employees at short notice. Large scale layoffs always give rise to tensions in union-management relations and show up in the quality of life in the workplace and in the productivity of government employees in general.

In the longer run, a staffing freeze accompanied by a freeze on hiring has a number of benefits. If it is part of an overall effort to reduce the size of government it can, through attrition, be a discreet but effective way of decreasing the number of employees. Over the past three years, the attrition rate has risen to 9.2% of staff administered by the Public Service Commission. It should be noted, however, that attrition within the Public Service has been declining for several years now because difficult economic conditions have worsened employment prospects in other sectors.

A staffing freeze can also lead managers to review their management of available human resources. The routine manner in which operating budgets are prepared may well have led over the years to some neglect of staff management. Surveys have shown that many public servants did not know precisely what senior managers expected of them and that many employees were not classified at the proper level. Making it impossible for senior managers to hire additional staff to improve services forces them to find ways of improving the productivity of existing staff.

There are disadvantages too. A staffing freeze further isolates the bureaucracy from the constraints and new trends of the labour market. It gives those already working for the government a greater degree of security because they don't have to worry about competition from dynamic young workers or highly skilled workers. By putting a freeze on employment, the government therefore risks slowing down the introduction of new work methods and perhaps slowing down the process of adapting to new technology. The problem is aggravated by the fact that those who leave to work elsewhere are usually the most competent and highly skilled. Shortages of specialized

workers can therefore arise unless training programs (which are often very costly) fill such positions with existing staff.

A staffing freeze can also limit the career prospects of employees. The "nowhere to go" syndrome may develop among the best and most ambitious employees, a situation sometimes leading senior managers to undertake administrative reorganizations to open up advancement prospects for certain staff members. The practice nevertheless leads to higher salary costs while for several months diverting the energies of all those called upon to draw up the justification for the reorganization.

Personnel management is a key element in healthy management. It is not certain that it is particularly well served by the imposition of arbitrary measures like a staffing freeze or hiring freeze. In addition to harming the working climate, such measures rarely result in improved controls of wage costs or of total expenditures. A much more effective way of limiting the growth of salary costs is to set growth targets for the total salaries in each program. In addition to strengthening controls over operating expenditures, meeting such targets could lead to improved productivity. The idea is that managers should aim at completing the required work by optimizing the makeup of staff in terms of number of staff members, qualifications and salaries. It must nevertheless be admitted that satisfactory control over the total salary figure would require greater flexibility in the hiring, transferring and even the dismissal of personnel.

6. Eliminating Programs

Government programs are valuable in so far as they contribute to the well-being of Canadians. They meet this criterion when the social benefits generated exceed the social costs involved in putting them into effect. Tallying the costs and benefits should take into account the combined direct and indirect repercussions as well as potential repercussions or those spread out over time. Continuing a program is justified only if the evaluation of its net social benefit therefore compares favourably with the best possible alternative (generally called the opportunity cost). Within such an analytical framework the government can,

on the basis of the findings of its evaluation studies, recommend the elimination of those programs that no longer meet these requirements. Since all costs and benefits will have been taken into consideration in the decision to abandon or extend a program, no one can question the basis of the government's decision.

It is not easy to eliminate a program without raising a controversy, however. The reason for this is simple; program evaluation is far from being an exact science. The assumptions upon which analyses rest may frequently raise doubts about the accuracy of the conclusions reached. Worse still, the methodology called for is often complex enough to make an intelligent analysis very costly and lengthy indeed. Tallying the costs and benefits involved in most government programs meets with serious problems, which leads to a margin of error that cannot be ignored in drawing conclusions and making recommendations.

In addition to these methodological difficulties, the idea of eliminating a program on the basis of a scientific calculation of net social benefit does not sit very well with the logic of public decision-makers, who are constantly required to weigh matters such as equity and redistribution, to struggle with the constraints of time and election schedules, and especially to coordinate their work with other partners such as provincial administrations, unions and professional associations. In short, the elimination of a program must be organized around a social consensus if it is to be readily accepted. That is why governments often call upon consultative committees, whose terms of reference involve taking the debate on the elimination of the program to the population at large. Consultative committees also have the advantage of overcoming too high a degree of bureaucratic reticence and conflicts of interest. On the other hand, the consultation process may exacerbate tensions between ideological points of view, especially when programs that impinge directly upon the everyday life of Canadians are at stake. Consultative committees can sometimes miss unknown or long-range consequences because they do not have the expertise or time required to take them into account in their deliberations. Without a detailed evaluation of social costs and benefits, duplicate verifications and surveys are often carried out before eliminating a program. Finally,

whether the recommendation to eliminate a program is the result of outside consultation or a discretionary government decision, it is essential that it be part of an overall philosophy on the role assigned to the State by the governing party.

The consultative path was chosen by the United States government to launch its comprehensive review of expenditure programs and to recommend budget cuts. The Grace Commission, a group of experts with a direct mandate from President Reagan consisting entirely of representatives from the private sector, produced over 12,000 pages of reports and over 2400 recommendations. These recommendations, if put into effect, were to lead to budget savings of \$424 billion over three years. Shortly after submitting his Final Report in January 1984, Commissioner Grace undertook a major public relations campaign throughout the United States to convince Americans that major budget cuts were both desirable and eminently possible. At the same time, the Congressional Budget Office undertook a systematic study of the Grace Commission's recommendations in order to provide representatives of Congress with an initial critical analysis of their validity and feasibility. The Congressional Budget Office published the study in February 1984. During the summer of 1984, some of the recommendations were incorporated into the 1985 budgeting process. There is no doubt that the Grace Commission gave rise to a great deal of interest in budget matters; the future will tell whether it really contributed towards significant reductions in expenditures.

The Canadian government adopted a method similar to that of the U.S. government when it announced, on 16 November 1984, the establishment of a consultative committee consisting of representatives from the private sector and other special interest groups. The committee's mandate is to review federal programs and recommend budget cuts to the government. However, Cabinet also established a special mandate for a group of ministers, who under the chairmanship of the Deputy Prime Minister were to examine overall federal programs with a view to recommending a series of budget cuts by November 1984; initial cuts totalling \$4.244 million were announced for the 1985-1986 fiscal year.

B. Improving Productivity

Any discussion of control over public expenditures raises the question of the actions of bureaucrats. Some observers have gone so far as to blame them to a degree for increased government spending and activities. That's all it took for them to become the favourite target of those who like to criticize government management. A great deal of attention was thus focused on the idea that government inefficiency resulted from the absence of satisfactory management practices and qualified managers. This gave rise to the belief that placing experienced managers in the public service to implement private sector management methods would make government more efficient and productive. This appears to be an exaggeration however. It is difficult to believe that the quality of human resources in the government service is significantly lower than in the private sector. Neither one nor the other operates in isolation; there are all sorts of interrelations in terms of hiring, establishing wages and occupational training, which results in a reasonable degree of convergence in the quality of human resources and the way in which management methods are applied. Many senior managers have a great deal of experience in both public and private sectors. The current Auditor General, who spent his entire career in the private sector prior to his appointment in April 1981, has on numerous occasions spoken of the quality of federal administrators. In his 1983 Annual Report, he stated that federal managers were clearly intelligent, imaginative and hard-working.(1)

Although the quality of managers may be equivalent in both public and private sectors, the respective environments in which they operate are radically different. Unlike the private sector, where the profit motive is king, the public sector follows no specific rules except for keeping policies consistent with one another. Managers in the public sector must deal with a multitude of objectives in an operational framework that involves many different accountability relationships. In many ways this environment gives rise to constraints on productive management. A

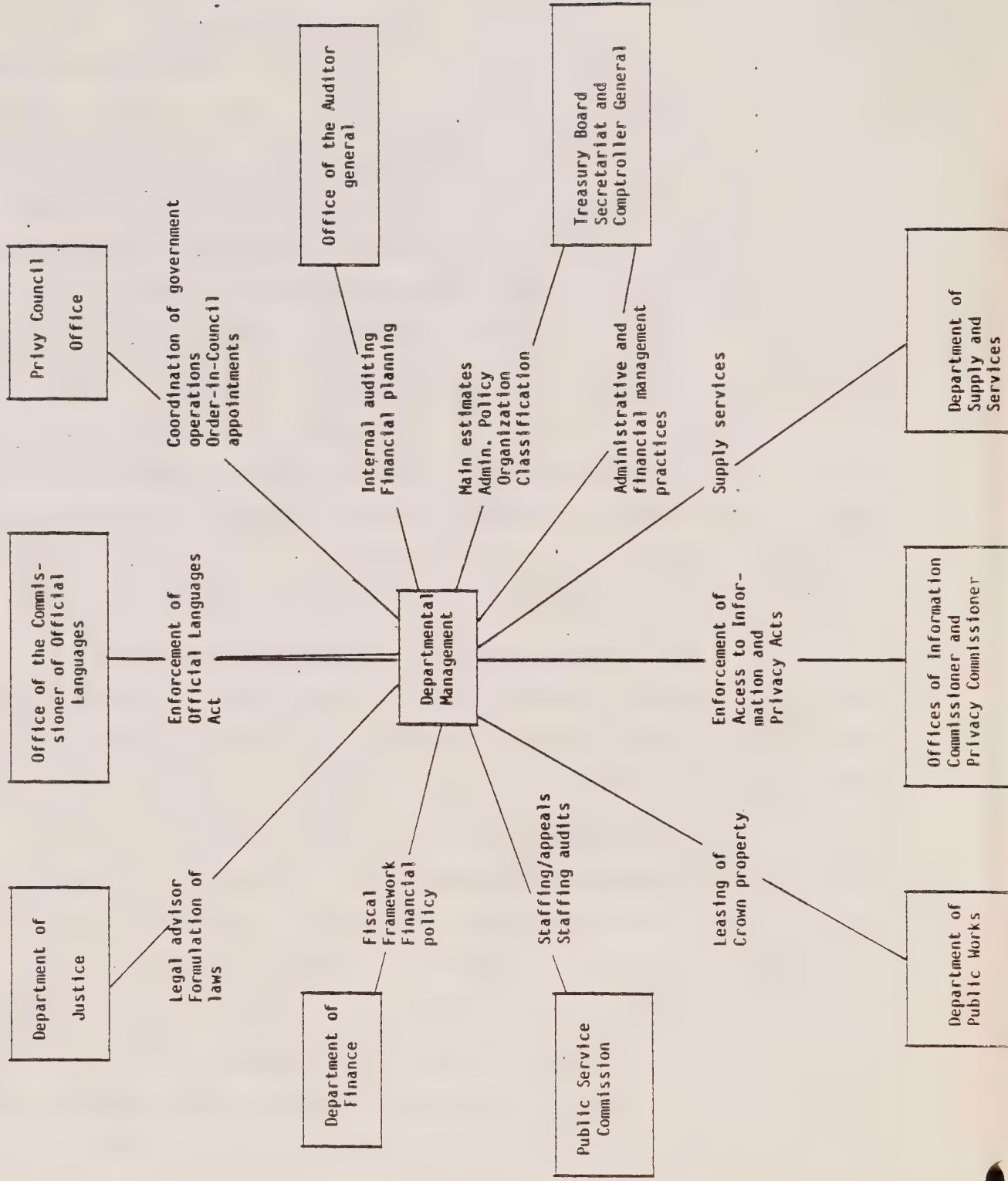
(1) Auditor General of Canada. Annual Report for the Fiscal Year ending 31 March 1983, p. 27.

survey by the Auditor General of Canada identified three types of constraints: policy priorities, the inflexibility of administrative procedures, and the presence of a number of factors unfavourable to productive management.

Bureaucrats are faced with the dilemma of obtaining satisfactory operational results at reasonable cost while at the same time following the directives of the political powers. Some programs and activities must be content with low operating efficiency levels because the changes required for more productive management do not square with policy priorities. For example, it may be possible to justify rationalizing the use of port facilities to improve the productivity of the best equipment; since doing so could be viewed as a reduction of service for the whole of the local community, however, it would not likely be approved by the appropriate political authorities. Moreover, policy priorities are usually vague; they are subject to election concerns, changes of government and even disagreement among Cabinet members. Faced with imprecise directives, bureaucrats will always tend to act cautiously. They will keep the status quo even if they feel that changes are needed.

The main source of bureaucratic inertia in the face of the need for change results from the organizational complexity of government and the inflexibility of its administrative rules. This restricts the emergence of more productive management in two complementary ways. On the one hand, it proliferates the accountability relationship to which managers are subject. In addition to reporting to their respective ministers, and through them to Cabinet, Parliament, the press and the general public, managers must follow the rules, regulations, procedures and controls established by the central agencies, as illustrated in Figure I. Many managers must devote a great deal of their time to ensuring that their programs are implemented in accordance with prescribed rules. This usually means producing an enormous quantity of information. Even if costly, no one really wants to see the amount of information reduced because it is perceived as a guarantee of visibility in the use of public funds.

Figure 1
Accountability Relations of Operational Departments



On the other hand, the existence of detailed administrative rules limits individual initiatives. Managers have no incentive to depart from the directives because they protect them from the possibility of arbitrary decisions. Greater autonomy for bureaucrats would require increased flexibility in the administrative rules and hence a modification in the level of accountability to the central agencies. At the moment, managers cannot really solve their own problems through personal effort; the problems are taken on by the authorities responsible for administrative regulations and usually result in new directives. In addition to creating delays, these additional regulations give birth to additional controls and hence to higher administrative costs.

The conduct of day-to-day administrative business provides examples of factors that are contrary to productive management. One is the automatic cancellation of funds at the end of the fiscal year. Since the budget for the year ended is used as a point of departure for the subsequent year, it is in the best interest of managers to spend every cent in their budgets to ensure that they will have at least the same level of funding the following year. The cancellation of a substantial portion of a budget could mean that the program is funded too generously; this makes it an ideal target for planned budget cuts. A second example is using a method of allocating human resources based on the number of persons rather than total salaries. This method gives rise to additional costs because it allows positions to be classified at higher levels. A third example is the use of across-the-board budget cuts. The best-run programs and activities are relatively harder hit than others because they keep costs lower. Across-the-board cuts also confuse the signals on priority objectives and can give rise to strong resistance to budget reallotments that were not studied by means of performance evaluation.

The existence of constraints on productive management in government cannot, however, be used as excuse for inadequate management. On the contrary, the presence of constraints provides an additional reason to require that research into improved productivity be a key priority of managers. Although it is easy to obtain unanimous approval of the idea that

productivity in the public sector should improve, many controversies remain in connection with the potential impact of improved productivity and how to measure it. In the public sector, managers are confronted with very high taxpayer expectations. Even if over the past few years many have expressed concern about the consequences of a tax burden that is too high, a measure of consensus remains on the essential features of most current government interventions and even on the need to extend their reach into a number of specified areas. In fact, most Canadians appear to be convinced that the government could do more with less money.

Productivity is defined as the relation between resources used and tasks accomplished. Higher production results from either a greater quantity or quality of service at the same unit cost, or from maintaining the same level of activity at lower unit cost. Productivity indices are thus measured in relation to the government's operating costs. For the federal government, the overall cost for the development, administration and implementation of programs or activities totalled (for 1983-1984) approximately \$20 billion. About 12 of these \$20 billion, or approximately 12% of total expenditures, go towards employee wages and salaries. Even a substantial improvement in productivity cannot make a significant reduction in the size of the federal administration or in the budget deficit.

There is no overall measure of public sector productivity equivalent to productivity measurement in the manufacturing sector. The main problem lies with the definition of output generated by government activities. The government carries out a considerable number of tasks for which no consistent measurement can correctly reflect either quantity produced or quality of services provided. A number of economists have put forward the idea that the public sector should in theory have a lower productivity rate than the private sector simply because it is so labour-intensive. In such circumstances, productivity increases only through the use of better qualified or better motivated personnel to produce greater quantity or quality at the same total cost. The private sector is more receptive to technological progress, which is a source of productivity improvement, because it is more capital-intensive. The wage-intensiveness

of public expenditures should thus increase, because pay in the public sector is similar to pay in the private sector even though in this latter sector pay levels are affected significantly by gains in productivity.

The data in Table 1 cannot support or discount this sort of hypothesis. For the supply of public goods, i.e. where operating costs account for most expenditures, wage-intensiveness has regressed, although it is impossible to attribute this trend to a decrease in the quantity or quality of services provided. The wage-intensiveness of the postal service has remained constant, as it has for transportation and communications, although communications has varied on occasion because of major capital expenditures such as airport construction. There was also a slight decrease in the wage-intensiveness of expenditures in health, social services and education, which would lead one to believe that there may have been significant cuts in the administrative costs for these key government activities. In fact the only areas where there has been an increase in wage-intensiveness in total costs are small budget items accounting for less than 3% of total expenditures.

The relevance of a measurement such as wage-intensiveness as an index of productivity can certainly be called into question, because it does not refer at all to quality or quantity of services provided, or to fluctuations in transfer payments to individuals and contractors. At most, then, Table 1 makes it possible to reject the popular notion that administrative costs, especially wage costs, lie behind the government's current financial difficulties.

Over the past 10 years, many government initiatives have been undertaken with a view to developing productivity performance measurements and indicators for each government program. Currently, all managers must compile data to be used in evaluating their programs. These data must specify results obtained in terms of resources used and results expected. Measurements adopted are supposed to reflect the specific nature of each program; in some cases financial measurements such as unit cost are appropriate, in others, production indices such as output per unit of labour cost are more suitable; for some others, measurements such as accuracy or level of error, relevance, usefulness or time required for implementation

Table 1

Wage-intensiveness of total expenditures by function
(percentage)

	<u>1972</u>	<u>1975</u>	<u>1976</u>	<u>1978</u>	<u>1980</u>	<u>1981</u>
Public goods						
- general services	37.5	39.6	39.2	37.9	36.2	37.3
- civilian protection	72.3	68.0	67.1	62.5	61.4	63.2
- national defence	58.2	56.6	50.6	46.3	43.9	46.3
- external affairs	12.7	12.1	11.4	11.9	12.4	12.7
State protection						
- health	3.3	3.2	2.6	3.0	3.1	3.1
- social services	3.6	2.8	2.6	3.4	2.1	2.1
- education	3.0	2.8	2.1	1.4	1.4	1.4
- environment	33.7	41.8	43.8	43.7	54.2	62.6
- recreation and culture	25.9	31.2	35.4	32.4	33.6	32.7
- labour and immigration	23.7	53.9	51.1	50.3	39.1	39.7
Mixed economy						
- natural resources, industry and trade	26.6	11.0	12.5	16.5	9.0	9.0
- transportation and communications	26.3	21.4	26.8	27.5	24.0	31.0
- postal services	73.0	70.0	69.1	64.6	69.9	69.2
- research establishment	22.5	37.8	38.2	28.6	23.9	28.8

Source: Statistics Canada. Federal Public Finances. Catalogue 68-211.

appear to be the most reliable. Moreover the broadening of the Auditor General's mandate in 1977 and the creation of the Office of the Comptroller General in 1978 contributed enormously to the development of information systems on operational performance.

While the setting up of these systems tightened controls, it is very difficult to say whether or not they made significant productivity improvements possible. First of all, the introduction of such information systems generally calls for very costly organizational changes. Over the past five years, departments have had to adjust to Treasury Board requests relating to multi-year planning of estimates (MYOP for Multi-Year Operational Planning), the Operational Planning Framework (OPF) and the new format for budget forecasting (part III of the Main Estimates). They have had to follow the directives of the Comptroller General's Office calling for the establishment of a program evaluation unit under the authority of the Deputy Minister or an Assistant Deputy Minister and the implementation of the IMPAC program (Improvement of Management Practices and Controls).

Secondly, there is always the danger that bureaucrats set themselves performance standards that are difficult to justify given available resources. The performance ratios usually used do not allow one to judge the relevance of the program or to demonstrate the absence of better ways of obtaining equivalent results. In fact performance measurements are useful only if they facilitate the regular examination of the value of the objectives pursued and the appropriateness of the level of services provided in view of the costs generated. Thus the publication of a description of methods used to obtain results as well as the results themselves, would appear to be wholly desirable.

Thirdly, performance measurements must not be considered as ends in themselves. The quality of the working environment and union-management relations are a prerequisite to productivity improvement. The Auditor-General's disclosures concerning the imprecision of the duties and functions of many federal employees suggest that there is much to be done in improving the working environment in numerous program branches. In July 1984, the President of the Treasury Board and union representatives signed a statement of principles on productivity improvement projects. This

agreement came several months after the announcement of a four-point program to improve productivity: to improve the quality of life at work; to reduce the number of directives; to encourage personal initiative of managers; and to eliminate useless regulations.

In short, the idea of a bureaucracy that is not concerned with productivity should be dropped. There have been enough initiatives in recent years to demonstrate the goodwill of all parties involved. Despite all this, productivity improvement cannot be considered to be the miracle cure for all the ailments caused by the continuing growth in public spending. On the one hand potential savings from increased productivity are limited. Operating expenses and salary costs account for only 20% and 12% respectively of total expenditures. In some expenditure categories there have even been substantial savings in operating expenses resulting from technological or organizational improvements. On the other hand, the special character of the operational rules for the public administration must be recognized. Productivity improvements cannot be achieved at the expense of quality of service and client expectations. Political prerogatives and the need to provide a degree of visibility in operational decisions can also be an added burden in operating the government administration. Nevertheless, the search for improved productivity remains a key element in any strategy for controlling expenditures. The current challenge for the public administration is to develop sanction mechanisms to encourage bureaucrats always to search for improved performance both in terms of the efficiency with which resources are managed and in terms of the effectiveness of resources used in achieving the desired objectives.

C. Tightening Parliamentary Control

Studying and controlling expenditures, and the power to authorize them, are essential functions of Parliament. One of the most important aspects of Parliament's financial supremacy is that no public expenditure may be made without its explicit authorization. Furthermore, after authorization has been granted, Parliament has to ensure that

government spending does in fact match initial commitment. Parliamentarians exercise their powers of authorization and control in three distinct ways. They consider appropriations in committee; they debate bills that have a financial impact; they study the Public Accounts and the Auditor General's annual reports.

1. Consideration of Estimates

Parliament authorizes government spending by adopting appropriations legislation. This procedure simply translates the Main Estimates tabled during the fiscal year (from 1 April to 31 March) into legislative terms. All estimates are referred for detailed consideration to a standing committee. Ministers and senior officials are given a specified time to justify the Government's spending options. Amendments to increase spending may be tabled only by the Government. The opposition is limited to proposing spending cuts. Party discipline frowns on adoption of such motions (there have been exceptions); such action could be interpreted as non-confidence in government policy. Consideration of Main Estimates is in reality a public examination of financial options, not a detailed defence of proposed expenditures.

Over the past several years, the procedure followed in standing committee study of estimates has been the target of a good deal of criticism, as has the entire concept. Procedural criticism does not question the concept of parliamentary control based on ministerial responsibility. It maintains simply that committees are ill equipped to require the Government to give a full accounting of its actions to Parliament. The first point is that committee structure does not correspond to budgetary envelope structure. Critics would prefer to see all spending programs related to a single policy area handled by a single committee, with subcommittees set up to deal with programs that are simply too cumbersome for one committee to handle. Secondly they feel that committees are seriously hampered by time restrictions. A committee sometimes studies a complex bill and a number of appropriations concurrently. Such restrictions hamper parliamentarians in their work, especially when one considers their already hectic schedule. Thirdly, the critics say that the information

made available to committees is unsatisfactory. The information prepared by bureaucrats and issued by the Minister responsible does not necessarily meet the requirements of parliamentarians. On the other hand it is often difficult to determine exactly what parliamentarians do want or need. Recently there has been a serious attempt to upgrade the information provided with the Main Estimates. The new Budget format, in particular the Program Expenditure Plan, is generally considered to be a step toward tightening parliamentary control. It remains to be seen how parliamentarians will use this added power in their annual committee consideration of Main Estimates.

Critics who question the concept of the system maintain that considering appropriations in committee is ineffective procedure. The outcome rarely has an impact on government policy, giving parliamentarians a sense of powerlessness faced with government financial decisions. This feeling will persist unless committees are provided with a means of exerting real influence on government decisions. One suggestion put forward is that each committee be made responsible for its own work plan, with broad access to government documents, the right to immediate government response, and availability of all resources required for detailed program management. The reforms necessary to a broadening of the scope and powers of committees would undermine traditional ministerial accountability. The partisan aspect of committee debates would give way to discussion of program content. A whole new bureaucracy would be required for the sole purpose of providing parliamentarians with the information required for committee work. The authority structure, no longer resting on ministerial accountability would be radically changed. The result would be a bi-level authority structure, one level made up of ministers, the other of American-style standing committees.

During the 32nd Parliament the Special Committee on Standing Orders and Procedure attempted to deal with both types of criticism. Proposals were made aimed at guaranteeing the committees greater freedom of action while maintaining the principle of ministerial accountability. In the Throne Speech of 5 November, 1984 establishment of a special committee on Reform of the House of Commons was announced. The new committee will undoubtedly continue the debate on these important questions.

The attitude of parliamentarians is an essential aspect of any attempt to tighten control of public spending. The partisan and political aspects of the study of budget choices are fundamental to parliamentary democracy. But partisan politics is no excuse for inadequate parliamentary control of public spending. Partisan attitudes are expressed in a variety of ways during the consideration of appropriations. They are most evident when spending increases or cuts are being discussed. As these are generally minimal, committee discussion usually revolves around party priorities, preferences and behaviour.

Party politics do form the backdrop for all parliamentary debate. However, if basic program evaluation procedure were applied to committee consideration of estimates, the impact could be sharply reduced.

Development of a prototype program evaluation designed for the specific requirements of parliamentarians requires further research and analysis. A preliminary model is given in Figure 2, a draft of an analytical table based on standard program evaluation methods. The basic questions are designed to cover the common concerns of parliamentarians. A number of other general principles should be followed by parliamentarians conducting an evaluation study. Firstly, correct timing and a detailed work schedule are of the essence. Secondly, each participant must be provided with a brief summary of the program in order to have an overview of the questions debated. Thirdly, the persons most closely involved in the program must be named and, where appropriate, called to appear before the committee. Fourthly, considerations of equity and distribution must be given as much weight as considerations of efficiency and effectiveness. Lastly, follow-up must be ensured.

Evaluation studies by the various committees could tighten controls on spending. The concept ties in with division of responsibility between the executive power and Parliament. Evaluation studies like all control mechanisms cost money. In selecting a program or activity to be evaluated by parliamentarians, the expenditure involved must be both minimal and fully justified, and a reasonable deadline ensured. It must be kept in mind that, while parliamentarians may agree on tightening and/or rationalizing spending in principle, no one ever wants radical change close

Figure 2

Analytical Program Evaluation Table for Parliamentarians

<u>Step</u>	<u>Basic Questions</u>
1. Defining my interest as a parliamentarian in the program evaluated	a) Related to my riding or area? b) Am I party spokesman on the matter? c) Did the matter influence me in my choice of politics as a career?
<u>goal of first step:</u>	to define what I wish to accomplish by studying this program (e.g. fulfil role as parliamentarian, improve public management, achieve higher visibility
2. Understanding the program and its raison d'être	a) Program objectives? b) How defined? c) Governed by an Act? d) Do its objectives coincide with overall government philosophy and policy? e) Does description of program activity give clear picture of program goals? f) Links with other government programs, including those operated by other levels of government?
<u>goal of second step:</u>	acquire knowledge of program's main aspects sufficient for explaining program content to evaluation target group; ensure knowledge based on actual fact, not preconceived idea of program background.

Figure 2 (continued)

<u>Step</u>	<u>Basic Questions</u>
3. Preparing brief outline resources required by this program and its operation.	<ul style="list-style-type: none">a) Amount allocated, resources assigned to person-years program and operation authorizedb) Other financing sources (e.g. user charges, tax expenditures)?c) Detailed justification of resource use?d) Does program produce goods or services or is it a reallocation mechanism?e) Main operating objectives (efficiency, unit cost, quality of service, regional distribution)?
<u>goal of third step:</u>	to become acquainted with tools to be used by Minister and managers in carrying out assigned tasks; upgrade knowledge of most important aspects of government intervention and their scope.
4. Evaluating program impact and ripple effect in terms of program objectives.	<ul style="list-style-type: none">a) Managers' opinions on program impact?b) Tangible results of program operation?c) Impact of cutting or increasing budget by 10%, 20%, 50%?d) Main features of program clientele?e) Clientele opinion of program?f) How program perceived by observers such as Office of Auditor General, university staff, journalists, other pressure groups?

Figure 2 (continued)

goal of fourth step:

to compare what managers believe they have accomplished and what clients believe they have obtained; provide a bridge between needs of population and work done by government.

5. Drawing conclusions and making appropriate recommendations

- a) If objectives reached, should program be continued?
- b) If objectives not reached, how to modify program?
- c) Are there plans for alternative action?
- d) What are, and what should be, the priorities of Minister and managers for the next three years?

goal of fifth step:

to complete evaluation; no program evaluation is useful unless it is followed by a report on its most revealing aspects; to provide parliamentarians with the opportunity to have political, perhaps legislative, impact.

to home. Evaluation studies could nevertheless prove very useful in pinpointing shortcomings in specific programs and/or activities and, above all, in improving understanding of the population's needs.

2. Sunset clause-based study of legislation with financial impact

Approximately 60% of public spending is statutory in origin, i.e. it is based on legislation adopted by Parliament. Because statutory spending is not subject to annual authorization by Parliament, it is not covered by appropriations legislation. There is growing concern over the operation of government programs under statutory (i.e. permanent) financial authorization. Government spending and other activity will remain virtually impossible to control as long as a large part of it is exempt from any sort of regular examination. The problem could be alleviated by greater recourse to sunset legislation.

A sunset clause stipulates that a legislative provision will lose effect on a specified date, or be subject to evaluation according to a procedure and schedule defined in detail by law; in the latter case, continuation depends on the outcome of the evaluation. A sunset clause can set a time limit on a program. It can stipulate regular examination of any government activity to be followed by a report to Parliament on its effectiveness; this provides the House with the information it needs to make a decision to terminate, continue or amend the program in question.

There are several good reasons for using sunset clauses. First of all, a sunset clause strengthens parliamentary control. There should be no restriction on regular examination of legislative measures by Parliament, especially as these account for 60% of total spending.

Secondly a sunset clause effectively puts the brakes on spending growth. In Part I (BP-119E) we discussed the enormous jump in the proportion of the Main Estimates allocated to statutory spending. Table 2 shows that several such programs have existed for many years, even decades.

Thirdly a sunset clause can improve operating efficiency of government programs by forcing the government to periodically review its activities. A sunset clause makes it easier to establish whether or not

Table 2

Expenditures under Statutory Authority
1983-1984

in millions of dollars

- Interest and other public debt charges	18,146
- Old age security payments	7,649
- Federal-provincial fiscal arrangements and public utilities	5,647
- Contributions to the provinces for hospital insurance, medical care and extended health care under Federal-Provincial Fiscal Arrangements & Established Programs Financing Act, 1977	5,564
- Payments to the provinces under the Canada Assistance Plan	3,288
- Government's contribution to the Unemployment Insurance Account	2,714
- Guaranteed income supplement payments	2,524
- Family allowance payments	2,327
- Post-secondary education payments to provinces	2,065
- Petroleum compensation	483
- Payments to railway and transportation companies pursuant to the Railway Act	359
- Excess of expenditures over the revenues of the Canada Post Corporation	305
- Spouse's allowance payments	233
- Grants to municipalities and other taxing authorities	231
- Interest payments under the Canada Student Loans Act	179
- Payments for the movement of grain re Western Grain Transportation Act	141
- Contribution in respect of fishermen's benefits	140
- Contributions under the Crop Insurance Act	134
- Payments in connection with the Western Grain Stabilization Act	122
- Judges' salaries, allowances and annuities	79
- Payments to Federal Business Development Bank	57
- Payments to railway and trucking companies of amounts determined pursuant to the provisions of the Atlantic Region Freight Assistance Act	48
- Others	323
- Superannuation, supplementary retirement benefits, death benefits and other pensions including military and RCMP	1,621
- Total	54,379

Source: Budgetary Expenditure 1983-1984, p. 6.11.

amounts granted under previous decisions are justified in the light of current government priorities and overall budgetary position. For example, automatic continuation of universal social programs takes no account of two very important factors (inflation and population growth) that influence the real amounts involved, and over which the government has absolutely no control. One may well question the wisdom of allowing external factors to play such an important role in dictating the government's budgetary position. To give an example: it has been estimated that population growth alone will increase federal expenditure by 17% during the 1980's, 10% during the 1990s.(1)

Fourthly a sunset clause can ensure greater access to information and more open government. Before deciding whether a program should be abandoned or continued, Parliament could require the government to disseminate all relevant information. Bureaucrats are far more cautious and, generally speaking, make an effort to maximize productivity when working on a document that is to be made public. The sunset clause is thus an incentive to more productive management.

Wholesale use of sunset clauses is not without its problems. Parliament already has a huge workload. The additional burden of reviewing all government programs according to a strict schedule could lead to undue delays in adopting new measures. Furthermore, it would place yet another restriction on preparation of the government's multi-year financial plan. This could increase uncertainty about future government priorities. With no way of predicting the outcome of evaluations and the fate of the programs involved, the government would have no choice but to allocate huge amounts for "eventualities".

Sunset clause use would reconcile the need for stronger parliamentary control and that for greater flexibility of the government apparatus in dealing with its financial obligations. Some government

(1) David K. Foot. "The Demographic Future of Fiscal Federalism in Canada", Canadian Public Policy, vol. X, No. 4, December 1984, pp. 406-414. See also, on universality of social programs, Helen McKenzie. "Universality or Selectivity in Federal Social Security Programs", Current Issue Review 84-20E, Research Branch, Library of Parliament, October 1984.

activities (Main Estimates, Crown Corporations, regulations, tax spending) are well suited to the sunset clause. Some existing legislation does contain such clauses: the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, the Bank Act, and parts of the Income Tax Act. Recently the Western Grain Transportation Act, after remaining unchanged for over a century, was added to the list of legislation subject to regular cost review. Borrowing authority legislation deals with the cost of servicing the national debt; it is always subject to a time limit, usually one year. There is increasing pressure to add sunset clauses to a number of tax assistance measures. This type of spending has risen sharply recently with no corresponding broadening of parliamentary control.

The government has the power to propose termination or detailed evaluation of an activity whenever it sees fit to do so. The growing number of sunset clauses confirms the need for increased control of government programs. A sunset clause is an effective means of control in that it provides for regularly scheduled debate on the current financial impact of prior decisions. It obviously cannot be applied equally to all activities; nor can a standard procedure be followed. Schedule, procedure and scope must be tailored to each program and its financial impact.

Under a sunset clause, parliamentarians would follow a method similar to that designed for considering estimates in order to study bills with financial impact. The study would include analysis of the circumstances surrounding adoption of the legislation, evaluation of its performance to date, projection of future requirements and recommendations on implementation. In short, the role of the sunset clause would be extended to upgrade Parliament's role in program evaluation.

3. Public Accounts Committee and the Auditor General of Canada

The Public Accounts Committee is chaired by a member of the opposition and is a cornerstone of the spending control system. Its principal task is to measure the administrative decisions and financial operations of the most recent fiscal year against the three management standards of economy, efficiency and effectiveness. The committee operates under a standing order of reference, i.e. it has the right to study and

examine the Public Accounts and the Auditor General's annual report. In addition, the committee reports directly to the House on any matter it deems relevant to its mandate.

The Office of the Auditor General is outside the government administrative structure and reports directly to Parliament. The Office of the Auditor General and the Public Accounts Committee work closely together. The committee carefully studies the Auditor General's comments and recommendations with Ministers and senior officials involved and regularly reports to the House on its findings. This information originating from the Office of the Auditor General is instrumental in heightening ministerial responsibility to Parliament.

The responsibilities of the Auditor General's Office are of two types. Its primary responsibility is to audit the financial statements of the government and specified Crown Corporations. In addition, it conducts in-depth management analysis of government departments and other agencies. This practice, known as comprehensive auditing, has enormous scope. It covers financial controls, management controls, planning and information systems and administrative practices. Comprehensive auditing is a method of objectively measuring the economy, efficiency and effectiveness of monetary, human and material resource management, and the respect paid to accountability relationships. It is a relatively new concept and shows great promise. It was developed to facilitate close scrutiny of government decision-making methods and financial operations. It is a useful tool for pinpointing shortcomings in existing management systems and suggesting appropriate corrective measures.

There are of course limits to the powers of the Office of the Auditor General and the Public Accounts Committee. Parliamentarians are generally far more interested in the nature and impact of a program than in the method used to manage it. Recent data are generally more sought after than those made available by the Public Accounts Committee, usually two years old by the time they are published. The general format of the consolidated financial statement, in particular the special accounts, is very technical. It can but rarely serve as the basis for program or activity analysis from the point of view of a parliamentarian's

responsibility to his constituents or his role as party spokesman. The Auditor General has ordered a study on the Public Accounts financial information system. The outcome will probably be an in-depth study of the current format in an effort to bring it into line with the new Budget format which stresses detailed presentation of resources by program and activity.(1)

The annual report format, i.e. results of several comprehensive audits, has been criticized in some quarters. It has been said that the needs of parliamentarians do not necessarily coincide with the contents of the Auditor General's annual report. Parliamentarians' powers of control would be improved under a more flexible format, one that gave them immediate access to audit studies, perhaps the opportunity to order studies on matters of particular interest. Furthermore under existing legislation, the government is not obliged to respond to comments issued by the Auditor General or the Public Accounts Committee. It is true that co-operation between the government and the two bodies has improved immensely over the past few years. Further improvement is possible. If the government were obliged to respond to criticism, and if operational changes were subject to follow-up, the work of the Public Accounts Committee and the Office of the Auditor General would have far greater impact on control of spending and public activities.

D. Initiating Privatization Projects

1. Privatizing Government Corporations

Privatization is transferring to private industry production of goods and services provided by government agencies. Privatization that involves transfer of assets from an enterprise wholly or partly government-owned is in effect denationalization. Any decision to privatize a public corporation by sale of its assets should be based on objective evaluation. Public corporations provide an arena for government

(1) For information on the broader aspects of Public Accounts reform, see Tom Wileman, Reform of the Public Accounts of Canada, (BP-112E), Research Branch, Library of Parliament, November 1984.

intervention, a technique used by government for attaining public objectives. For a proposed denationalization to be justified, government should provide adequate proof that either the original objective or the technique itself is no longer applicable.

Privatization as a concept is fairly new to Canada. It appears in the October 1976 Speech from the Throne with reference to proposed examination of the relevance of continued government participation in a number of fields, in the broader context of limiting expansion of federal administration and broadening the scope of private industry. In the context of a 1979 policy aimed at public sector cutbacks, the newly elected Conservative Government announced the upcoming sale of a number of government corporations engaged in commerce. In 1982, when the Canada Development Investment Corporation (CDIC) was established, the Minister responsible expressed the intention of providing the corporation with sufficient business know-how to assist the government in disposing of some of its assets. More recently, influenced by a U.K. tendency toward privatization, the idea of turning over a number of Canadian public corporations to the private sector has been gaining ground.

Privatization is closely tied to efforts to control government activity. The vast majority of public corporations were established in an effort to strike a balance between the requirements of the public and those of business. The balance can only be maintained if government control does not hamper strategic corporate planning, and if accountability mechanisms take equal account of the financial and public aspects of the corporations' mandate. The past few years have shown how difficult it is to maintain this balance in practice. The choice of using a government corporation as a tool of government intervention is subject to government rules of operation and decision-making. Furthermore, political action is closely tied to election schedules. A high profile and an appearance of accomplishment are more important than the more usual criteria of profitability. The choice is also influenced by special interest groups, another factor that any administration must constantly deal with. To enable the government to issue the corporation with regular directives in line with its aims, there is a requirement for a constant supply of information on the

corporation's actions and possible actions. Providing all this information is an additional administrative burden involving high operating costs. However a public corporation, like any other organization, develops its own distinctive personality over the years. Original objectives become lost amid new ones defined and pursued by managers, whose main aim is to ensure the corporation's autonomy. The managers devise their own evaluation standards, which prove very difficult for the Government to contest. As time passes, the aims of managers move increasingly further from the corporation's original objectives.

Privatization is one solution to the problem of control and accountability of government corporations. Performance of corporations turned over to the private sector is subject to market rules, with market benefits and market sanctions. The narrowed scope of corporations that remain subject to government authority facilitates their relationship with the Government and Parliament, and their control and supervision.

Privatization has advantages, a major one being more effective use of the economy's resources. A private corporation, freed from bureaucratic restrictions and motivated by profit, tends to operate more effectively than a government corporation. This gain in efficiency is due to lower costs and prices or increased production and/or product quality. In either case the consumer benefits. One of the most common explanations of the greater efficiency of a private corporation is that its ownership is clear. In the marketplace decisions must be taken swiftly to take full advantage of investment opportunities as they arise. And those who make the decisions must take the consequences of every missed opportunity, every poor choice. A common shortcoming of government corporations is the inability to make snap decisions. Collective ownership demands prudence and visibility in use of public monies. A strategic error has a far-reaching impact in that government financing gives a corporation a degree of longevity.

Privatization also improves the government's financial position. Selling assets allows the government to reduce its monetary requirements for the current fiscal year and/or repay part of its accumulated debt. Privatization also eliminates current and future

government financial commitment to the corporation. Part I (BP-119E) discusses the huge and largely unpredictable growth of these commitments over the past decade. Privatization can halt a dangerous practice that has become increasingly common in recent years - carrying a government corporation's financial difficulties forward until a crisis situation necessitates large injections of public funds. The situation most commonly arises when government controls are in direct opposition to evaluation standards defined by management.

Privatization can be advantageous in some industries where public objectives appear completely justified. For example, economic and social evolution may make operation of a public corporation a less effective method of government intervention than subsidy or regulation. When a nationalized company operates in the open market, it is difficult to know whether the government assistance it receives is used solely to attain public objectives, or partly to guarantee the survival of the public corporation at the expense of both competition and consumer. An entire industry's motivation to improve performance can be adversely affected as the result of measures whereby profitable industries are obliged to subsidize unprofitable ones. After privatization, non-commercial objectives are impossible to maintain without appropriate government financial compensation. The advantage of privatization becomes the requirement to accurately define non-commercial objectives and their cost.

Naturally privatization has its disadvantages. The administration is not solely concerned with improving economic effectiveness. The very fact that a company was once a public corporation is proof of the complexity of government objectives, not all of which can be expressed in financial terms. It is extremely difficult to evaluate a public corporation when its objectives may include such things as preserving our national heritage, maintaining services deemed essential, eliminating conflicts of interest, reducing economic uncertainty, improving national security and international relations. Even assuming that it were possible to cost each non-commercial objective, the public would still have to be convinced that privatization is in the public interest.

In some cases nationalization is justified because of an industry's monopolistic structure. The government has acquired some firms

in order to control price, volume and profit. Reselling one of these to private interests can arouse fear of return to a monopoly situation with resultant reduction in services and increase in prices. The chance of privatization resulting in a monopoly situation varies from one industry to another. Relevant factors include entry barriers, level of technology involved and captive market situation. If privatization will not increase competition, it may promote establishment of a new and powerful interest group that will use the captive market to increase its own market share. Analysis of market conditions is prerequisite to privatization. Unless privatization will increase competition, it is unlikely to be a profitable measure.

Privatization can bring about radical changes in a company's operation, especially when some of these are supported by government subsidies. Following privatization, the transition to autonomous profitability involves adjustment costs that must be equitably shared. If the government leaves the entire responsibility to the company, its value to private investors will be reduced accordingly. If the government decides from the start to assume the entire adjustment cost itself, it must assess the costs accurately to avoid overpayment of the new owners. In either case the government takes all the risks. It is therefore in the government's interest to consider carefully before putting any public corporation on the market, and to ensure that the company develops business attitudes and a financial record worthy of good private management. In other words, it is probably poor policy for the government to suggest that the quick sale of a government corporation is dictated by an emergency situation. It is far preferable to take things slowly, allowing time to prepare the corporation for the changes necessary in its organizational behaviour.

Not all publicly-owned corporations are good candidates for privatization. The advantages of return to the private sector stem from rules of conduct dictated by market discipline. If privatization heightens competition, improves the government's financial position and provides a more equitable resource distribution, advantages will be all the greater. Any privatization project requires careful planning. The government must first ensure a fair selling price, equitable sharing of adjustment costs,

and accurate assessment of the social advantages and disadvantages of the privatization operation. Objective assessment is never an easy task. Amounts paid as operating grants or to compensate for operating losses must of course be included in the estimate of costs incurred by a government operation. Care must be taken to include the social opportunity cost implied in allocation of investment capital to a government corporation rather than some other organization. The government holds assets valued at some \$9 billion in government business corporations,⁽¹⁾ for which it receives little or no return. In addition, its indebtedness (loans and advances) totals over \$21 billion. Despite the fact that it earns some interest (\$2.2 billion in 1983), these earnings must be compared to the social opportunity cost of capital use and, if possible, to the cost to the government of loan financing. Overall costs should then be compared to the social benefits derived from the existence of the public corporation in question, in order to determine objectively whether a privatization program will improve the well-being of Canadians.

2. User Charges

The preceding section discusses transferring to the private sector the production of goods and services provided by the government as a means of controlling government activity. This is one form of privatization. In some cases lack of control is not a factor of production method but of financing method. Expansion of the public sector is probably closely linked to the lack of any relation between financing of government activity and benefitting from government activity. There is a form of privatization in which such a relationship does exist: direct financing, i.e. charging users of public services.

According to economic theory, optimum social conditions, i.e. conditions where an individual can improve his own condition only at the expense of another individual, are respected if the price charged is equivalent to marginal cost (production cost of one additional unit of goods or services). Setting prices in this way performs two essential

(1) The figures were obtained from Statistics Canada and only cover public corporations in which the government has majority holdings and which operate as business corporations.

functions. First, it produces a demand curve that plots price against quantity for each type of goods and service. Secondly, and more broadly, it facilitates distribution of society's rare resources (work capital, natural resources, etc) among the various possible uses in order to ensure the optimum mix of goods and services. In other words, pricing on the basis of marginal costs is an indication of economic efficiency.

Even though a country's economic and social realities are somewhat removed from the ideal conditions required for the social optimum, working toward improving effectiveness should be a constant goal of government decision making. Efficiency is taken to mean suiting government intervention to the aspirations of the population. Working with limited resources, the government is constantly faced with a multitude of recurring needs. The impossibility of pleasing everyone places the government in the difficult position of searching for an acceptable compromise between quantity of services provided and general tax level. Balancing the conflict between the needs expressed by various levels of society against financial choices and the fiscal burden is done on a centralized, overall scale. User charges offer an alternative to this method of decision making. The taxpayer is given back direct influence over the quantity and cost of certain public services. This method provides the government with greater financial freedom, and/or can contribute to improvement of government programs without transferring their costs to all taxpayers.

Introduction of a system of user charges may be justified in a number of ways. Firstly, the absence of direct charge gives the impression that some public services are free. As a general rule, when a service is free, or the price charged far below cost, demand rises artificially. The funds used to finance production of the additional units could doubtless be better applied to other ends. The greater the overconsumption of goods or services because users do not defray total cost, the greater the loss for the economy as a whole.

A second argument in favour of user charges is based on the fact that the government rarely has impartial information on the need for and use of some public services. Special interest groups are always lobbying for the creation of new services or continuation of existing ones.

Price has one great advantage: it provides objective information on resource use to government administrators. Armed with information on the value the population places on availability of certain government programs, the administrators are in a better position to manage them effectively.

A third argument arises out of the second one. Improved information means that the consumer can express his preferences more freely and demand better control of operating costs. If a service is entirely user-financed, the consumer is free to participate or not. Choice is based on assessment of benefit to be gained against price charged. If all costs are borne by the population at large, no one has any real incentive to exact tight control over the quality, quantity, or production cost of goods or services. If financing of a service is inadequate, there will inevitably be long waiting lines that affect all consumers, regardless of individual assessment of the government service in question.

Of course user charges have their own problems. In the first place, care must be taken to avoid obvious injustice resulting from user charges. If access to a service is to be governed by the imposition of a monetary charge, it must be established that users will not be unduly penalized. A two-part analysis is required for this purpose. First, rates must be examined for basic social equity. No government should restrict services to those who can afford to pay for them. Second, it must be established that no undue favouritism is being given to non-users. A public service that generates external benefits should not be entirely financed by users.

Working from the premise that very few goods and services currently provided by the government are exclusively private, establishing appropriate rates becomes even more difficult. The problem is further complicated by the difficulty of accurately measuring output and operating costs of a government program. The government is obliged to set rates arbitrarily, and decide on the proportion of those rates that it will bear. Under these circumstances, effectiveness of user charges is not easy to prove. Administration costs are bound to rise to pay personnel hired to collect charges and handle the subsidies required. The government must strike a balance between rate charged and subsidy granted, a balance that is

acceptable to users and has no adverse effect on either accessibility or productive management. Charges must not be used as a means to fill government coffers; the result is more likely to be a weakening of administrative power than a strengthening of cost control.

Before any user charge system is introduced, the pros and cons must be carefully weighed. User charges are not equally appropriate to all government programs. Generally speaking, user charges are justified when unexpectedly high demand results in sizeable resource wastage, when the program in question is not aimed at a vulnerable portion of the population (to avoid public protest), and when introduction of user charges produces no insurmountable technical difficulties or additional administration costs.

Within the federal government there are currently many areas that appear suitable for introducing new user charges or raising existing ones. Transportation is one such: both transportation services (rail, air and sea links) and infrastructures (airports, seaports, highways). There may soon be discussion of user charges in two of the largest sectors of government service - education and health. It should be stressed that each of these includes a multitude of subdivisions, in some of which user charges would improve effectiveness without really affecting accessibility.

CONCLUSION

Public management faces a great challenge over the next several years. Using ever shrinking resources, it must try to continue providing a wide range of services to a public that has grown accustomed to the status quo. All efforts are doomed to failure unless managers, taxpayers and especially politicians are given adequate control methods.

Considerable effort has been expended in recent years on improving administrative procedures. The planning system still lacks flexibility, management control methods have not yet succeeded in reducing costly overlap and loans and loan guarantees do not yet meet the basic criteria of good financial management methods. Although some potential

improvements may seem obvious, they should not be seen as an end in themselves. Even more drastic expenditure control methods (reduction in general expenses, staffing freeze, program cuts) could prove necessary. None of these measures should be implemented without thoroughly researching their impact on manager performance. Restrictions that interfere with productive management would, in the medium and long term, have a detrimental effect on government service quality.

The federal government must learn to strike a balance between a shrinking working budget and expanding taxpayer demand. The existing situation should in itself be an incentive to more productive management. Increased productivity cannot be suggested as a magic solution in an organization as complex as the federal government. Firstly, the government provides a multitude of programs and activities that are difficult to evaluate by the usual standards of success or failure. Secondly, imposition of sanctions is virtually impossible in the current labour relations situation. Thirdly, the gains to be made by increasing productivity are limited by the simple fact that operating costs account for only 20% of total spending. Increased productivity should be seen as a motivation to decision-makers. The constant search for more efficient and effective program implementation methods is an essential condition of good management.

Parliamentary control of public expenditure is at the heart of the debate on management of public monies. If that control is properly exercised, the taxpayer will develop a feeling of confidence in the government's representativeness and budget choices. Parliament must juggle an enormous workload. All too often the study of budget choices is lost somewhere among members' short-term or regional concerns. Concise information is unavailable, questions do not receive clear answers. Although these shortcomings are viewed with alarm in some quarters, they have led to new incentives to increase parliamentary control. There are currently a number of projects aimed at increasing the powers of committees and upgrading information networks. The next step is to define responsibility. Until recently, Members were restricted to adopting the Main Estimates within a clearly defined time limit, a posteriori auditing

based on the Auditor General's Annual Report and brief examination of budget increase or decrease. The current trend is toward increasing parliamentary control through evaluation of budget choices, including statutory spending. This evaluation should be based on an analytical table that includes the study of objectives, efficiency of implementation methods and effectiveness of results.

The most drastic method of cutting spending is to eliminate it altogether. This can be accomplished in two ways: by handing over to the private sector responsibility for services now provided by government, or by increasing user financing of some activities. Reduction in size and number of federal government activities could result in better control of remaining activity and more effective use of available resources. Privatization must not interfere with the pursuit of other public objectives. The meshing of public and private activities is a delicate problem rarely solved by hasty decision.

In conclusion, it should be stressed that proposals aimed at strengthening federal government control are not dictated by an emergency situation but by a desire to improve performance. Whatever method of control is used, it is imperative that its pros and cons be thoroughly researched. No one method can satisfy the requirements of an organization as vast and complex as the federal government. The government must work with limited resources to meet growing and ever changing needs. This in itself is reason enough for tightening control.

(i)

BIBLIOGRAPHY

A. Books

Aucoin, Peter, (ed.). The Politics and Management of Restraints in Government, Montréal, Institute for Research on Public Policy, 1979. (Library of Parliament HJ 2055 P65)

Bird, Richard M. Charging for Public Services: A New Look at an Old Idea, Toronto, Canadian Tax Foundation, 1976, 269 pages. (Library of Parliament HJ 2449 C35c n° 59)

Bruce, Neil et Purvis, Douglas. Evaluating the Deficit: The Case for Budget Cuts, Toronto, C.D. Howe Institute, 1984, 36 pages. (Library of Parliament HJ 2055 B78)

Canadian Chamber of Commerce. Better Value for the Tax Dollar: Improving Productivity of the Federal Public Service, February 1984, 76 pages. (Library of Parliament JL 106.5 L3 B48)

Carmichael, Edward A. Tackling the Federal Deficit, Toronto, C.D. Howe Institute, 1984, 88 pages. (Library of Parliament HC 111 C3 n° 26)

Levine, Charles H. (ed.). Managing Fiscal Stress, Chatham House Publishers, 1980, 344 pages. (Library of Parliament HJ 257.2 M35)

Levine, Charles H. et Rubin, Irene (ed.). Fiscal Stress and Public Policy, Beverly Hills, Ca., Sage Publications, 1980, 314 pages. (Library of Parliament HJ 257.2 F57)

Premchand, A. Government Budgeting and Expenditure Controls Theory and Practice, Washington, International Monetary Fund, 1983, 530 pages. (Library of Parliament HJ 2005 P73)

Hafsi, Taïek. Entreprise publique et politique industrielle, Paris, McGraw Hill, 1984, 158 pages. (Library of Parliament HD 3611 H33)

Seldom, Arthur (ed.). The Taming of Government, London, The Institute of Economic Affairs, 1979, 131 pages. (Library of Parliament JN 428 T35)

Steiss, Allan Walter. Management Control in Government, Lexington, Lexington Books, 1982, 339 pages. (Library of Parliament JF 1411 S84)

B. Periodical Articles

Baker, Walter. "The 'Triple E' Movement and Productivity in Canada's Federal Public Service", Optimum, vol. 11-3, 1980, p. 5-20.

Baldwin, C., Lessard, D. et Mason, S. "Budgetary Time Bombs: Controlling Government Loan Guarantees", Canadian Public Policy, vol. 9, n° 5, September 1983, p. 338-346.

Beesley, Michael et Littlechild, Stephen. "Privatization: Principles, Problems and Priorities", Lloyds Bank Review, n° 149, July 1983, p. 1-20.

Brittan, Samuel. "The Politics and Economics of Privatisation", Political Quarterly, vol. 55, April-June 1984, p. 109-128.

Brodrick, Otto et Paton, Richard. "Constraints to Management in the Public Sector", Optimum, vol. 15-1, 1984, p. 7-21.

Brown, Judith (ed.). "Mini-Symposium on Legislative Program Evaluation", Public Administration Review, n° 3, May-June 1984, p. 257-267.

Butler, Stuart M. "Privatization: The antidote to Budget-Cutting Failures", USA Today, July 1980, p. 5-20.

Carter, Richard. "Public Corporations: Why and For Whom?", Canadian Public Administration, vol. 26, Summer 1983, p. 239-254.

deLeon, Peter. "Policy Evaluation and Program Termination", Policy Studies Review, vol. 2, n° 4, May 1983, p. 631-647.

Foot, David K. "The Demographic Future of Fiscal Federalism in Canada", Canadian Public Policy, vol. X, n° 4, December 1984, p. 406-414.

Goodsell, Charles T. "The Grace Commission: Seeking Efficiency for the Whole People?", Public Administration Review, vol. 44, May-June 1984, p. 196-204.

Heald, David. "Privatisation: Analyzing its Appeals and Limitations", Fiscal Studies, vol. 5, n° 1, February 1984, p. 36-46.

Hicks, Michael. "Cutback Management in Canada", Australian Journal of Public Administration, vol. 42, n° 2, June 1983, p. 193-206.

Jick, Todd et Murray, Victor. "The Management of Hard Times: Budget Cutbacks in Public Sector Organizations", Organization Studies, vol. 3, n° 2, 1982, p. 141-169.

(iii)

Martin, Paul E. "Why and How to Privatize", Policy Options, March 1984, p. 22-25.

Maslove, Allan M. "Loans and Loan Guarantees: Business as Usual Versus the Politics of Risks, in Bruce Doern (éd.), How Ottawa Spends 1983, Toronto, James Lorimer, 1983, p. 121-132.

Milward, Briton H. et Rainey, Hal G. "Don't Blame the Bureaucracy", Journal of Public Policy, vol. 3, n° 2, May 1983, p. 149-168.

Pitfield, P.M. "The Office of the Auditor General as a Way to Parliamentary Reform", Optimum, vol. 1501, 1984, p. 22-38.

Tarschys, Daniel. "Rational Decremental Budgeting: Elements of an Expenditure Policy for the 1980s", Policy Sciences, vol. 15, 1983, p. 205-224.

Tarschys, Daniel. "The Scissors Crisis in Public Finance", Policy Sciences, vol. 15, 1983, p. 205-224.

Thomas, John. "Operational Plan Framework: a Step Toward Sound Management", Optimum, vol. 15-2, 1984, p. 76-103.

Van Loon, Richard. "The Policy and Expenditure Management System in the Federal Government: The First Three Years", Canadian Public Administration, vol. 26, Summer 1983, p. 255-285.

Verdier, James M. "Advising Congressional Decision-Makers: Guidelines for Economists", Journal of Policy Analysis and Management, vol. 3, n° 3, 1984, p. 421-438.

Wildovsky, Aaron. "From Chaos Comes Opportunity: The Movement Toward Spending Limits in American and Canadian Budgeting", Canadian Public Administration, vol. 26, n°2, Summer 1983, p. 163-181.

Wolf, Charles. "A Theory of Non-Market Failures", The Public Interest, n° 55, Spring 1979, p. 114-133.

(iv)

C. Official Publications

1. Canada, Office of the Comptroller General, Program Evaluation; An Introduction, Working Paper, February 1981.
2. Canada, Office of the Auditor General, Report of the Auditor General of Canada to the House of Commons for the Fiscal Year Ending 31 March 1982, Hull, Supply and Services Canada, December 1982.
3. Canada, Office of the Auditor General, Report of the Auditor General of Canada to the House of Commons for the Fiscal Year Ending 31 March 1983, Hull, Supply and Services Canada, December 1983.
4. Canada, Royal Commission on Financial Management and Accountability Final Report, Hull, Supply and Services Canada, 1977.
5. Canada, Privy Council, Policy and Expenditure Management System, March 1981.
6. Canada, Treasury Board, Accountability of Management, March 1981.
7. Canada, Treasury Board, Performance Measurement, November 1977.



ACCOPRESS®

NO. 2507

BF - RED	BY - YELLOW
BG - BLACK	BA - TANGERINE
BD - GREY	BB - ROYAL BLUE
BU - BLUE	BX - EXECUTIVE RED
BP - GREEN	

SPECIFY NO. & COLOR CODE

ACCO CANADIAN COMPANY LTD.
TORONTO CANADA

